

Affordable Paths to Homeownership

Dan Kern, Business Development & Training Manager



Virginia Housing...

Was created in 1972 by the General Assembly to help Virginians attain quality, affordable housing

Receives no federal or state funding and is an authority of the Commonwealth of Virginia

Sells taxable & tax-exempt mortgage bonds & is an approved seller to Ginnie Mae, Fannie Mae and Freddie Mac

Rebranding Initiative

Out with the old, in with the new!



Affordable Financing Options

❖ Conventional



❖ FHA



❖ VA



❖ USDA



Specialty Programs

- ▼ Down Payment Assistance Grants
- ▼ Closing Cost Assistance Grants
- ▼ PLUS Second Mortgage
- ▼ Mortgage Credit Certificates
- ▼ SPARC



Homeownership Education

Educational Opportunity!

- ▣ **Free, without any solicitation**
- ▣ **Online or in-person versions**
- ▣ **Learn the basic ins & outs of the purchase process**
- ▣ **Understand the financial responsibilities of homeownership**
- ▣ **Required in order to obtain a Virginia Housing loan!**

Borrower Eligibility Requirements

To be eligible for a Virginia Housing loan, all borrowers must be first-time homebuyers*

Virginia Housing's definition of a first time homebuyer is an individual who hasn't had an ownership interest in their primary residence within the last three years.

***Exceptions apply**

First-Time Homebuyer Exceptions

- Homebuyers who have owned a manufactured home in the past 3 years, but it was non-fixed to a permanent foundation.
- Homebuyers who own rental property, etc., as long as they have not lived in the property for the past 3 years.
- Conventional programs (without MCC, DPA Grant or Plus 2nd Mortgage)
- Homebuyers buying in Areas of Economic Opportunity aka Federal Targeted Areas).

Areas of Economic Opportunity

- **Certain areas in the state have been designated as Areas of Economic Opportunity (Targeted Areas) by the Federal Government**
- **To help stimulate economic growth within these areas Virginia permitted to relax certain program requirements:**
 - Prior homeownership requirement waived
 - May have higher Income/Sales Price limits

Note: Higher income limits not applicable to loans originated with DPA Grant

Income & Sales Price Limits

Area	Maximum Gross Household Income				Sales Price/Loan Limits
	2 or Fewer People		3 or More People		New & Existing Construction
	Standard	With Virginia Housing DPA or CCA Grant	Standard	With Virginia Housing DPA or CCA Grant	
Washington-Arlington-Alexandria	\$138,200	\$110,500	\$161,300	\$129,000	\$525,000
Charlottesville	\$90,000	\$72,000	\$105,000	\$84,000	\$375,000
Richmond	\$98,400	\$78,700	\$114,900	\$91,900	\$425,000
Norfolk-VA Beach-Newport News	\$90,400	\$72,300	\$105,400	\$84,300	\$390,000
Culpeper	\$92,300	\$73,800	\$107,700	\$86,100	\$450,000
Rappahannock	\$88,500	\$70,800	\$103,300	\$82,600	
Warren	\$86,200	\$68,900	\$100,600	\$80,400	
King George	\$92,600	\$74,000	\$106,900	\$85,500	\$300,000
All Other Areas of Virginia	\$84,000	\$67,200	\$96,600	\$77,200	\$270,000

Affordable Financing Options

❖ Conventional



❖ FHA



❖ VA



❖ USDA



Loan Programs

Conventional

- 3% down
- First time or repeat buyer
- Reduced Mortgage Insurance or No MI
- Can be paired with a down payment assistance grant or Plus Second Mortgage
- Follow Fannie Mae or Freddie Mac guidelines
- Maximum 45% debt to income ratio
- 640 minimum credit score (Reduced MI)
- 660 minimum credit score (No MI)

Loan Programs

FHA

- 3.5% down
- First time buyer (unless streamlined refinance)
- Can be paired with a down payment assistance grant or Plus Second Mortgage
- Follow FHA guidelines
- Maximum 45% debt to income ratio
- 620 minimum credit score

Loan Programs

VA

- 0% down for eligible past and present members of the US Armed Forces
- First time buyer (unless streamlined refinance)
- Can be paired with a closing cost assistance grant
- Follow VA guidelines
- Maximum 45% debt to income ratio
- 620 minimum credit score

Loan Programs

USDA Rural Development

- 0% down for eligible rural properties
- First time buyer
- Can be paired with a closing cost assistance grant
- Follow RD guidelines
- Maximum 45% debt to income ratio
- 620 minimum credit score

Specialty Programs

- ▼ Down Payment Assistance Grants
- ▼ Closing Cost Assistance Grants
- ▼ PLUS Second Mortgage
- ▼ Mortgage Credit Certificates
- ▼ SPARC



Down Payment Assistance (DPA)

Eligible Virginia Housing First Mortgage Purchase Programs:

- ✔ Conventional & Conventional No MI
- ✔ FHA

Maximum Grant Amount (lower of sales price/appraised value)

- ✔ 2% Conventional
- ✔ 2.5% FHA

***Grant is a gift – never has to be repaid!**

****Lower income limits than our standard
programs**

Closing Cost Assistance Grant (CCA)

Eligible Virginia Housing First Mortgage Purchase Programs:

- VA
- USDA RD

Maximum Grant Amount (lower of sales price/appraised value):

- 2%

***Same reduced income limits as our down payment
assistance grant**

Plus Second Mortgage

Helping with the
entire Down
Payment

Eligible Virginia Housing First Mortgage Purchase Programs:

- Conventional & Conventional NO MI
- FHA

Loan structure: 30 year fixed rate

Maximum Second LTV: **Credit Score \geq 680**

Credit Score $<$ 680 ■ 4.5% Conventional

■ 3% Conventional ■ 5% FHA

■ 3.5% FHA

****Additional 1.5% for closing costs***

****All borrowers must have 680 credit score for
additional closing cost fund assistance***

Mortgage Credit Certificate (MCC)

➤ Mortgage Credit Certificates

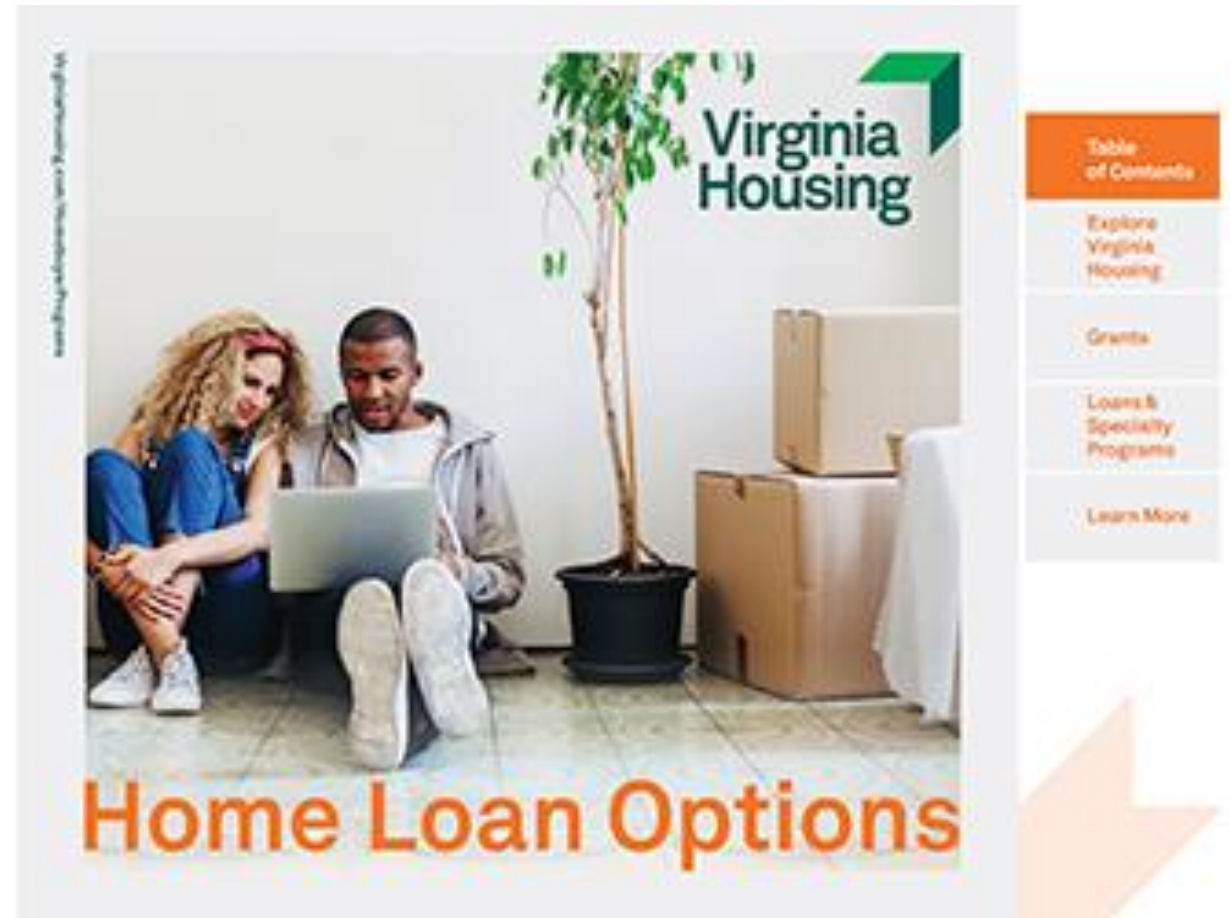
- Dollar-for-dollar credit towards your federal income tax liability
- Annual credit is equal to 10% of the annual mortgage interest you pay
- Effective for life of the loan



Virginia Housing's Sponsoring Partnerships and Revitalizing Communities Program (SPARC)

- A special allocation of reduced rate funding made available by Virginia Housing financing to local governments, non-profits and housing industry partners to support special housing needs.
- 1% reduction in interest rate for 30 years
- Organizations have to apply to receive funding

Program Information



The graphic features a central photograph of a young couple sitting on a tiled floor, looking at a laptop. To their right are several cardboard boxes and a potted plant. The Virginia Housing logo is in the top right corner of the photo. Below the photo, the text 'Home Loan Options' is written in large orange letters. To the right of the photo is a vertical menu with five items: 'Table of Contents', 'Explore Virginia Housing', 'Grants', 'Loans & Specialty Programs', and 'Learn More'. The first item is highlighted with an orange background.

Virginia Housing

Home Loan Options

- Table of Contents
- Explore Virginia Housing
- Grants
- Loans & Specialty Programs
- Learn More

New Lending Wizard



Visit

<https://www.VirginiaHousing.com/BusinessPartners/Lenders/Pages/Lenders.aspx>

Click **Check Eligibility**



Or direct link:

<https://lendingwizard.VirginiaHousing.com/>

The screenshot displays the Virginia Housing website. At the top, the Virginia Housing logo is on the left, and the tagline "Helping Virginians Attain Quality, Affordable Housing" is in the center. A "PAY MY MORTGAGE" button is on the right. Below the header, a green navigation bar contains the breadcrumb "Virginia Housing > Business Partners > Lenders" and links for "Español", "Text Size: A- A A+", "Text Only", and "Print". The main heading is "VHDA Mortgage Loan Information for Lenders", with a "Share" button to its right. A large image shows a woman in a business suit sitting at a desk, talking to two other people. Below the image are three yellow boxes with green icons:

- Loan Information and Guidelines** (book icon):
 - Check Eligibility (indicated by a red arrow)
 - Origination Guide
 - General Loan Information
- Training Resources** (book icon):
 - VHDA's Loan Origination System
 - Training Videos
 - Lender Training Calendar
 - Lender FAQs
- Lender Forms and Resources** (document icon):
 - Forms and Documents
 - Marketing Materials
 - First Mortgage Program Matrix

Complete a few questions...

PURCHASE

*Required field

Who are you?

Homebuyer

*Jurisdiction:

☐ Unknown

Henrico County

*Have you owned a home in the last 3 years?

☐ Yes ☒ No

*Sales Price:

☐ Unknown

\$ 300000

*Gross Annual Income of all Homebuyers:

\$ 80000

Gross Annual Other Household Member Income:

\$ 0


*Number of Household Members:

2

Check Eligibility

Clear Form

Results: Financing Tab



EmailPrint

FINANCINGSPECIALTYNOT ELIGIBLE

Here are the homebuyer's potential VHDA first mortgage financing options:

Fannie Mae 97% No MI (Conventional)

- 3% down payment - gifts allowed
- Maximum financing - 97% loan-to-value (105% combined loan-to-value)
- 660 minimum credit score
- No Mortgage Insurance required
- Maximum 45% debt-to-income ratio with automated underwriting approval
- Maximum loan amount set by Fannie Mae

Fannie Mae HFA Preferred with Reduced MI (Conventional)

- 3% down payment - gifts allowed
- Maximum financing - 97% loan-to-value (105% combined loan-to-value)
- Maximum 45% debt-to-income ratio with automated underwriting approval
- Maximum loan amount set by Fannie Mae
- 640 minimum credit score
- Lowest Mortgage Insurance premium

FHA

- Maximum 45% debt-to-income ratio with automated underwriting approval
- 3.5% down payment - gifts allowed
- 96.5% loan-to-value
- 620 minimum credit score
- FHA Insured
- Liberal credit qualifying

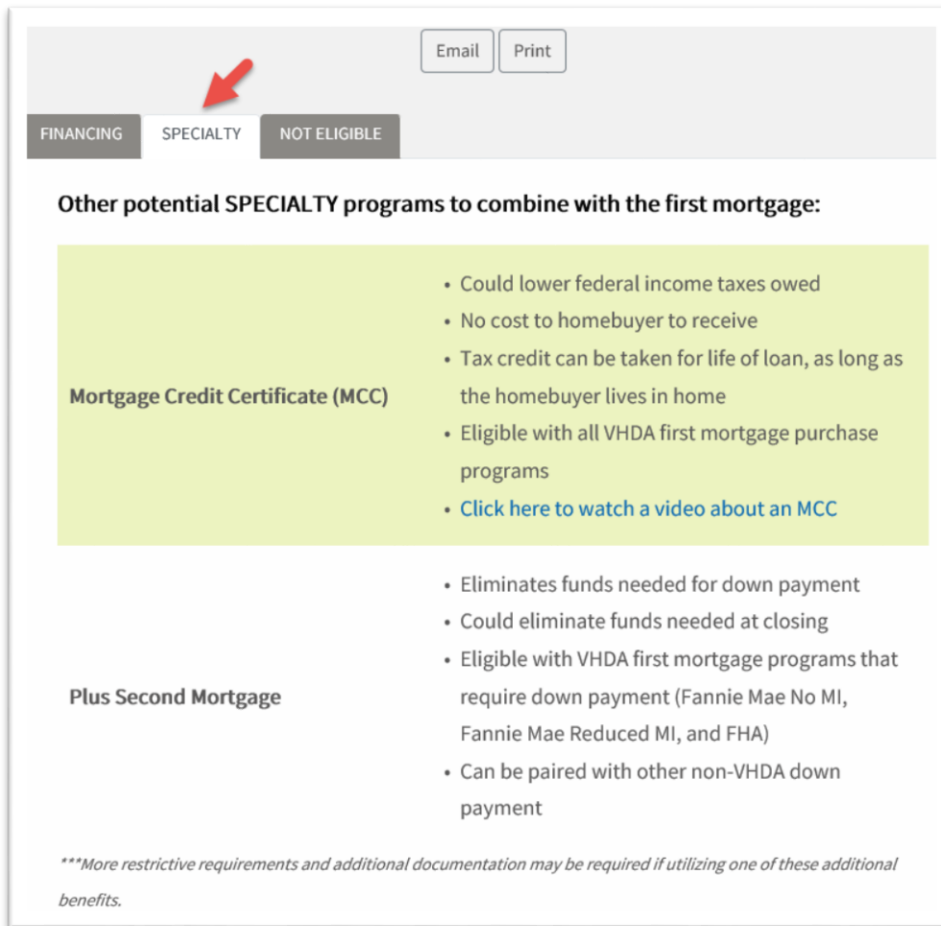
Veterans Administration (VA)

- Maximum 45% debt-to-income ratio with automated underwriting approval
- 620 minimum credit score
- Liberal credit qualifying
- \$0 down payment for eligible veterans
- 100% financing
- VA guaranteed

Rural Housing (RHS)

- Maximum 45% debt-to-income ratio with automated underwriting approval
- 620 minimum credit score
- Liberal credit qualifying
- 100% financing
- \$0 down payment for eligible rural properties
- RHS guaranteed

Results: Specialty Program Tab



Email Print

FINANCING **SPECIALTY** NOT ELIGIBLE

Other potential SPECIALTY programs to combine with the first mortgage:

Mortgage Credit Certificate (MCC)

- Could lower federal income taxes owed
- No cost to homebuyer to receive
- Tax credit can be taken for life of loan, as long as the homebuyer lives in home
- Eligible with all VHDA first mortgage purchase programs
- [Click here to watch a video about an MCC](#)

Plus Second Mortgage

- Eliminates funds needed for down payment
- Could eliminate funds needed at closing
- Eligible with VHDA first mortgage programs that require down payment (Fannie Mae No MI, Fannie Mae Reduced MI, and FHA)
- Can be paired with other non-VHDA down payment

***More restrictive requirements and additional documentation may be required if utilizing one of these additional benefits.

And don't forget to take advantage of...

Homebuyer Education

- This course covers topics such as credit, setting up a spending plan, working with a lender and real estate agent, the home inspection and the closing process
- It is free!
- Offered in English and Spanish
- Offered online or in classrooms around the state
- Required to obtain a VHDA loan
- [Click here for more information](#)

Results: Not Eligible Tab

EmailPrint

FINANCINGSPECIALTYNOT ELIGIBLE


Not eligible	Reason
Closing Cost Assistance (CCA) Grant	<ul style="list-style-type: none">Household income exceeds VHDA's lower income limit
Down Payment Assistance (DPA) Grant	<ul style="list-style-type: none">Household income exceeds VHDA's lower income limit

Did you know?

Certain areas of the state are designated as Areas of Economic Opportunity. To help stimulate growth in these areas, VHDA is permitted to relax certain requirements:

- Raise maximum allowable standard income and sales price limits (income limit does not increase for any VHDA Grant)
- Waive the first-time homebuyer restriction
- [Areas of Economic Opportunity](#)

Print or Email




Loan Program Eligibility Results

Who are you?	Homebuyer
Jurisdiction:	Henrico County
Have you owned a home in the last 3 years?	No
Number of Household Members:	2
Sales Price:	\$300,000.00
Gross Annual Income of all Homebuyers:	\$80,000.00
Gross Annual Other Household Member Income:	\$0.00

Financing Program Options

Fannie Mae 97% No MI (Conventional)	<ul style="list-style-type: none">• 3% down payment - gifts allowed• Maximum financing - 97% loan-to-value (105% combined loan-to-value)• 660 minimum credit score• No Mortgage Insurance required• Maximum 45% debt-to-income ratio with automated underwriting approval• Maximum loan amount set by Fannie Mae
Fannie Mae HFA Preferred with Reduced MI (Conventional)	<ul style="list-style-type: none">• 3% down payment - gifts allowed• Maximum financing - 97% loan-to-value (105% combined loan-to-value)• Maximum 45% debt-to-income ratio with automated underwriting approval• Maximum loan amount set by Fannie Mae• 640 minimum credit score• Lowest Mortgage Insurance premium
FHA	<ul style="list-style-type: none">• Maximum 45% debt-to-income ratio with automated underwriting approval• 3.5% down payment - gifts allowed

Note: This is not a loan approval. A homebuyer must go to a lender to determine full qualification/eligibility. Results provided by VHDA's Lending Wizard - <https://vhda.com/loaneligibility>




U.S. Department of Housing and Urban Development (VA)	<ul style="list-style-type: none">• 96.5% loan-to-value• 620 minimum credit score• FHA Insured• Liberal credit qualifying
U.S. Department of Housing and Urban Development (RHS)	<ul style="list-style-type: none">• Maximum 45% debt-to-income ratio with automated underwriting approval• 620 minimum credit score• Liberal credit qualifying• \$0 down payment for eligible veterans• 100% financing• VA guaranteed

Program Options

U.S. Department of Housing and Urban Development (MCC)	<ul style="list-style-type: none">• Could lower federal income taxes owed• No cost to homebuyer to receive• Tax credit can be taken for life of loan, as long as the homebuyer lives in home• Eligible with all VHDA first mortgage purchase programs• Click here to watch a video about an MCC
U.S. Department of Housing and Urban Development (Second Mortgage)	<ul style="list-style-type: none">• Eliminates funds needed for down payment• Could eliminate funds needed at closing• Eligible with VHDA first mortgage programs that require down payment (Fannie Mae No MI, Fannie Mae Reduced MI, and FHA)• Can be paired with other non-VHDA down payment

Subjective requirements and additional documentation may be required if utilizing one of these additional benefits.

This is not a loan approval. A homebuyer must go to a lender to determine full qualification/eligibility. Results provided by VHDA's Lending Wizard - <https://vhda.com/loaneligibility>



Don't forget to take advantage of...

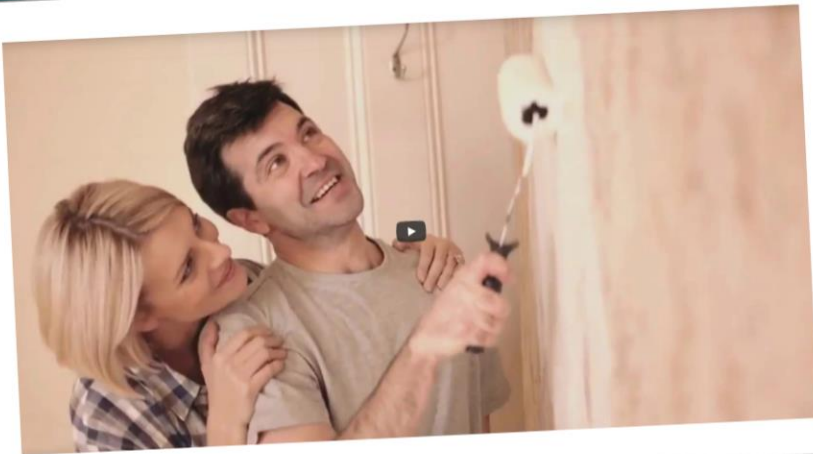
Homebuyer Education	<ul style="list-style-type: none">• This course covers topics such as credit, setting up a spending plan, working with a lender and real estate agent, the home inspection and the closing process• It is free!• Offered in English and Spanish• Offered online or in classrooms around the state• Required to obtain a VHDA loan• Click here for more information
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Program	Reason
U.S. Department of Housing and Urban Development (CCA) Grant	• Household income exceeds VHDA's lower income limit
U.S. Department of Housing and Urban Development (DPA)	• Household income exceeds VHDA's lower income limit
U.S. Department of Housing and Urban Development (EOP)	<ul style="list-style-type: none">• Certain areas of the state are designated as Areas of Economic Opportunity. To help stimulate growth in these areas, VHDA is permitted to relax certain requirements:• Raise maximum allowable standard income and sales price limits (income limit does not increase for any VHDA Grant)• Waive the first-time homebuyer restriction• Areas of Economic Opportunities

This is not a loan approval. A homebuyer must go to a lender to determine full qualification/eligibility. Results provided by VHDA's Lending Wizard - <https://vhda.com/loaneligibility>

Note: This is **not** a loan approval

Loan Servicing



Your Escrow Account



Overview of the Escrow Account
Escrow is an account of money VHDA collects on your behalf for property taxes, homeowners insurance (also known as hazard insurance), and/or flood insurance. Under the terms of your mortgage, the escrow account has funds to pay these bills for you.

When you pay your mortgage, you also pay for these bills. This is typically one-twelfth of the annual amount.

Overview of the Annual Escrow Statement
Every year, VHDA conducts an audit of the escrow account. The audit determines if the account has the required funds to pay your bills. The results of the audit are shown on the annual escrow statement.

The locality where your home is located will be in February, March, or April.

VHDA will always provide you with a copy of the annual escrow statement. The statement (Figure A) is made up of two parts: a summary and a detailed analysis. The summary is a short statement of the results of the audit.

Impact of the Annual Escrow Statement
Due to the annual audit, you may need to adjust your monthly mortgage payment. This adjustment is typically made at the time of the next mortgage payment.

Home Maintenance



Homeownership is a Long-term Commitment With Many Responsibilities.

Your home may be the biggest purchase you ever make, so you'll want to protect your investment! One important way to do this is through home maintenance.

Home maintenance includes the routine checks, upkeep and repair required to keep your home in good working order. It can retain or, in some cases, improve the value of your home. Some home maintenance projects involve routine upkeep (like clearing a clogged pipe), seasonal work (like cleaning and repairing gutters), small projects (like changing the air filter in the heating and cooling system) and large projects (like replacing a roof).

You're encouraged to maintain the personal spending plan you created when you attended VHDA's free First-time Homebuyer class. Using that plan can help ensure you're saving enough money for home maintenance. Review and adjust your spending habits every few months, especially when your income and/or expenses increase or decrease significantly.

An important part of your spending plan is budgeting money to save for home maintenance and emergency repairs. A good rule of thumb is to save one percent of the purchase price of your home each year for home maintenance expenses. However, whether you set aside one percent or a different amount each month, any amount you can save for home maintenance is better than not saving at all.

Part of being a homeowner means not only preparing and saving for maintenance, but also maintaining your credit. Debt can accumulate quickly, so avoid shopping and paying with credit whenever possible. Predatory lending takes many forms and new homeowners often receive multiple offers for debt consolidation, credit cards and second mortgages. It's a good idea to consult with a housing counselor before agreeing to any of these offers. Finally, be sure to make every payment toward your debt by the due date.

In addition to discussing your options for any offers of debt consolidation and credit cards, housing counselors can also help you create a realistic spending and savings plan. By keeping home maintenance in sight and in mind, you can identify and correct small issues before they become large and potentially costly repairs. Caring for your home includes not only routine checks and maintenance, but also seasonal upkeep and "as needed" repairs and replacement (like fixing a kitchen cabinet). Use the home maintenance checklist to keep track of the routine checks you should be performing monthly, quarterly, annually, and seasonally.

CONTINUED >

Affordable Housing Stock

- Manufactured
- Container
- Construction to Permanent
- Acquire/Renovate/Sell



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Thank You.
